



## Wyoming Lender Alert

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May 2006

Steven Despain, District Director

### Making a Difference for Small Business in Wyoming

#### SMALL BUSINESS PERSON OF THE YEAR

##### MUMTAZ KHAN

Mumataz Khan was born and raised in Sirka, Pakistan. He received a B.A. in political science from the University of Punjab, Pakistan in 1975 and shortly thereafter immigrated to Sheridan, Wyoming. Initially, he worked with family members in the Sheridan area. He then moved to Gillette where he was employed with various supermarkets including Decker's, Albertson's and Boyd's IGA as a bagger.

The shy young man developed a friendship with a young woman who checked at the grocers, and soon after they were married. Both continued to work hard and save. In 1993, they purchased the Arrowhead Motel via Contract For Deed. They continued to work hard and retired the debt on the Arrowhead. No additional debt on the property has been incurred. In March 1998, the Khans purchased the 74 room Motel 6 in Gillette. The motel was purchased using a 504 loan. The 504 and the third party loan have always been paid as agreed.

The Khans live and work at the Motel 6 in Gillette along with their twelve children. In 2002, Mumtaz and Amina applied for an additional 504 loan to purchase land and construct a three story, 67 room Motel 6 in Sheridan, WY. The success of the new motel has led to the decision to purchase additional land and construct a Hampton Inn in Sheridan.

On April 25<sup>th</sup>, Steve Despain, District Director of the Wyoming

SBA, presented Mr. Khan with this prestigious award at the Governor's Hospitality and Tourism Convention held at the Parkway Plaza Hotel and Convention Center, Casper, WY.

#### Retired or Not, Even You Can Become a SCORE Association Volunteer Counselor

Share your knowledge with entrepreneurs and help them succeed, thanks to your experience. This can be a very rewarding time in your life, seeing others through unknown times. Volunteer business counselors come from a variety of occupations and backgrounds. Some own, or have owned, small businesses themselves and some have worked for large corporations. Counselors provide confidential one-on-one counseling. Many volunteers have found working from their home thru on-line counseling to be very advantageous.

SCORE is a resource partner of the U.S. Small Business Administration and is located in the Dick Cheney Building, 100 East "B", Suite 4000, Casper, WY. You can call us at (307) 261-6500 for more information. You can also go to our web site at <http://www.score.org/>. If you are interested in becoming a volunteer, request a volunteer application and apply. You will have a good opportunity to get to know our Casper office. Should you be invited to participate, you will attend an orientation and training session. You have a chance to learn more about SCORE's services, goals and leadership opportunities.

If you want to share your business expertise, give back to your community and connect with like-minded people, please volunteer at our Casper office.

#### SCORE's Top 10 Business Questions

**1. Why should I care about the competition? I trust the merits of my product.**

Very few businesses operate without competition in a specific market. Indirect competitors can have a significant impact on customer buying decisions. Knowing your competition enables you to gain a competitive advantage, which results in more sales and profits.

**2. What do I need to know about financial statements to start and manage my small business?**

You should have a basic understanding of these important financial statements: a balance sheet, which shows the financial conditions of your business at some point in time; a statement of operations or a profit and loss statement, which shows whether you made a profit during a particular time; and a cash flow statement, which shows your cash position during a specific period of time. These statements will help you keep an eye on your business and events requiring special attention.

An accountant can prepare these statements from data you supply. There are also computer programs that will help you generate these statements from your input of regular transactions such as sales, collections, purchases, payments and payroll.

### **3. What are the most important design elements I should consider when putting together a brochure?**

State your selling message on the cover of your brochure.

One large image portrays your services or products better than several small ones.

Always put captions on photos – they are read almost twice as often as body copy.

Include facts and testimonials when possible.

Make your brochure worth keeping. Add a calendar of events or other useful data for potential clients.

Quality is important – limit colors and use a quality paper stock.

Include all contact information – phone, mail, e-mail, Web site, and fax.

### **4. How do I do business on the Internet?**

You can set up your internet presence yourself, or you can have a professional do it for you. If you are considering complex content and online services, you may need a professional Web designer. You may also want to have your own domain name, which is the address of your Web site – or URL.

After you get started, the key to a successful Web site is to keep it simple and up-to-date. Just as in conventional advertising, you'll want to offer something that will attract your customers. Finally, be prepared to respond promptly to any internet inquiries. Internet users are accustomed to fast responses.

### **5. I am not planning to apply for a bank loan, so why is it important to make a business plan?**

The primary purpose of a business plan is to guide you in successfully operating your business, whether it is a sole proprietorship or a complex corporation. Making a plan forces you to consider all aspects of your business and to confront problems the plan will highlight. The business plan is a vital management tool that enables you to anticipate situations before they become problems.

### **6. What location should I consider for my restaurant?**

Before deciding on a location, answer these questions:

Who and where is your market, and what location will maximize this market?

What locations get the highest amount of walk-bys? Drive bys?

Is the traffic pattern of people or cars seasonal? Does this affect your concept?

If it is a destination location, is there parking?

Is the rent in line with the amount of traffic (people and drive-by) in the area?

Is the rent in line with the amount budgeted in your business plan?

### **7. How can I get help on the Internet in regards to setting up my business?**

Visit the SCORE Web site [www.score.org](http://www.score.org) and click on "Ask SCORE". You may scroll down a list of more than 600 skills or submit your business concern. You will be presented with a listing of SCORE counselors. Select a counselor and submit your question. They will respond with a free, confidential e-mail from which an ongoing mentoring dialogue can begin.

### **8. If the income projections for my business indicate that it will be profitable in the first year of operation, why is it important to do a monthly cash flow?**

By developing a monthly cash flow projection, you can see the timing for cash needs and quantify the amount needed. Sufficient cash is critical for a business to pay its expenses and enable it to expand. If your monthly cash flow projection indicates frequent cash shortfalls, it will lead you to review the type of products and services that you will offer, the mix of sales, the pricing and terms of the sale and your short-term borrowing needs.

### **9. How do I determine whether I am capable of starting a business?**

Compare your skills and expertise with those of people who are successful in similar business pursuits.

Can you duplicate and surpass the capability that other successful businesses possess? What unique skills can you provide to obtain a sufficient share of the market in the area you plan to serve? What level of capitalization, technical acumen, energy, passion, organizational strategy, other resources or equipment can you incorporate into the business to command the essential market share for viability?

### **10. How do I use the local newspapers to advertise my products in conjunction with a community event?**

Place an ad in the Sunday paper one week before the event.

Be sure your business name and the date of the event is prominently displayed.

Request that your ad appear as far forward in the front section as possible.

Make sure to get a proof one week before publication.

### **Live Webinars for Small Business Owners**

Small business owners will be able to participate in a series of live interactive Webinars that will provide training on "navigating the maze of federal contracting" and other business essentials as if they are in a classroom setting. The Webinars will be conducted by SBA and Strategic & Learning Services, Inc. (SLS).

The next live Webinar training session will take place on May 17, 2006, at 12:00 p.m. and is one of a series of training sessions for small business owners that are eligible for the SBA's 7(j) Management and Technical Assistance program (eligible firms include firms that are eligible for 8(a) certification, HUBZone-certified firms operating in areas of high unemployment or low income, and firms that are owned by low income individuals). Additional Webinar dates for 2006 are July 19, August 16, and September 13.

Individuals planning to participate in the live Webinar, should visit

www.sls-7j.net to register and click on the live Web conference icon. The live seminar will be archived on SLS's Web site the day after the session for individuals who are not able to participate on the scheduled date. Individuals interested in participating are encouraged to join the Webinar 10 minutes prior to the session to avoid missing valuable information. During the Webinar, small businesses will be able to email their questions directly to the SLS instructors and get immediate responses.

For more information on how to receive federal contracting assistance from the SBA, please contact Deb Farris (307) 261-6510 or email [debra.farris@sba.gov](mailto:debra.farris@sba.gov).

### **Deed Restrictions Pertaining to Gas Stations**

The Office of Financial Assistance recently advised the Sacramento Processing Center that it is not to approve any 504 loan for the purpose of purchasing a gasoline station where the deed includes a provision restricting the brand of service station that may be operated on the premises.

The purpose of Information Notice 5000-987 is to inform SBA field offices, SBAExpress lenders, PLP lenders, and PCLP CDCs that 7(a) or 504 loan requests to purchase gasoline stations that include similar deed restrictions (or language that has the same effect), whether the restrictions are required as part of the purchase and sale agreement or already contained in covenants running with the land, are not acceptable to SBA.

The deed restrictions in question are typically seen as part of a buy/sell agreement between an oil company and a purchaser of one of its gasoline stations. SBA found the deed restrictions to be unacceptable because they severely compromise the marketability of the business real estate collateral that would be securing the SBA-guaranteed loan.

The deed restriction language generally appears titled as "Use or

Operation Restrictions" or "Petroleum Restrictions" in a Special Warranty Deed or other document recorded as part of the purchase and sale transaction. An example reads as follows:

No part of the Property shall be used by Grantee or any other Grantee Party, directly or indirectly, for an automobile service station, petroleum station, gasoline station or for the purpose of conducting or carrying on the business of selling, offering for sale, storage, handling, distributing, or dealing in petroleum, gasoline, motor vehicle fuel, diesel fuel, kerosene, benzol, naphtha, greases, lubricating oils, or any fuel used for internal combustion engines, or lubricants in any form, or other petroleum or petroleum-related products, except for the personal use or consumption of such products by Grantee or its lessees of the Property, unless any such use is in connection with the operation of the Property as a Grantor branded service station. For purposes thereof, "Grantor branded service station" shall mean a service station under the brand [franchisor name] or any other brand of Grantor or any of its affiliates or their respective successors and assigns.

The above covenants and use restrictions bind and restrict the Property as covenants and restrictions running with the land and each portion thereof, and are deemed to benefit Grantor as a user of, operator of, or supplier of Grantor branded fuels to lands or retail operations in the jurisdiction in which the Property is located. These restrictive covenants will remain in full force and effect for a term of fifteen (15) years from the date of this conveyance whereupon these restrictive covenants will automatically lapse and terminate and be of no further force or effect.

Questions from CDCs or lenders regarding this notice should be directed to the Wyoming SBA office.

## **WHAT SBA IS AND DOES**

...The U.S. Small Business Administration was created in 1953 as an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. We recognize that small business is critical to our economic recovery and strength, to building America's future, and to helping the United States compete in today's global marketplace. Although SBA has grown and evolved in the years since it was established in 1953, the bottom line mission remains the same. We help Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people throughout the United States, Puerto Rico, the U. S. Virgin Islands and Guam.

## **UPCOMING EVENTS**

- May 3** – Women's Roundtable, Casper/Dubois;
- May 4-5** – WBA Ag Conference, Sheridan
- May 11** – Women's Roundtable, Laramie/Worland
- May 16** – Women's Roundtable, Cody
- May 18** – Women's Roundtable, Powell

Please visit our website for lots of interesting information.

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CUSTOMIZED SITE  
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